

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Person To Contact:

Telephone Number:

Refer Reply To:

CC:INTL

PLR-134050-06

Date:

December 13, 2006

Taxpayer =

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

Entity 5 =

Entity 6 =

Entity 7 =

Entity 8 =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Year 6 =

Year 7	=
aa	=
bb	=
cc	=
dd	=
ee	=
ff	=
gg	=
hh	=
ii	=
jj	=
kk	=
ll	=
Country A	=
Country B	=
Country C	=
Country D	=
CPA Firm 1	=
CPA Firm 2	=

Dear

This is in response to a letter dated June 28, 2006, from your representative requesting an extension of time under Treas. Reg. § 301.9100-3 for Taxpayer to file annual certifications in Year 7 under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) or Treas. Reg. § 1.1503-2T(g)(2)(vi)(B), as applicable, with respect to dual consolidated losses as defined in Treas. Reg. § 1.1503-2(c)(5) for Years 1 through 6 attributable the entities described below. Your representative submitted additional information in letters dated

November 6, 2006, and December 1, 2006. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is predicated upon facts and representations submitted by Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the factual information, representations, and other data may be required as a part of the audit process.

For years prior to Year 7, CPA Firm 1 prepared Taxpayer's consolidated federal income tax returns, including the required annual certifications under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) or Treas. Reg. § 1.1503-2T(g)(2)(vi)(B), as applicable. For Year 7, Taxpayer prepared its own return. To assist in the preparation of that return, Taxpayer retained CPA Firm 2. However, it was unclear to Taxpayer and CPA Firm 2 who would be responsible for preparing and filing with that return the required annual certifications. As a result of this confusion, those certifications were not filed.

Entity 1 is disregarded as an entity separate from its owner. The interest in Entity 1 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 1 has activities in Country A that constitute a foreign branch ("Entity 1 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Entity 1 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses were attributable to Entity 1 Branch in Years 5 and 6. No dual consolidated losses were attributable to the interest in Entity 1.

Entity 2 is disregarded as an entity separate from its owner. The interest in Entity 2 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount aa for Year 5 and Amount bb for Year 6 are attributable to Taxpayer's interest in Entity 1.

Entity 3 is disregarded as an entity separate from its owner. The interest in Entity 3 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 3 has activities in Country B that constitute a foreign branch ("Entity 3 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Entity 3 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses were attributable to Entity 3 Branch in Years 4, 5, and 6. No dual consolidated losses were attributable to the interest in Entity 3.

Entity 4 is disregarded as an entity separate from its owner. The interest in Entity 4 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount cc for Year 1 and Amount dd for Year 2, Amount ee for Year 3, Amount ff for Year 4, Amount gg for Year 5, and Amount hh for Year 6 are attributable to Taxpayer's interest in Entity 4.

Entity 5 is disregarded as an entity separate from its owner. The interest in Entity 5 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 5 has activities in Country C that constitute a foreign branch ("Entity 5 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Entity 5 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses were attributable to Entity 5 Branch in Years 2 through 6. No dual consolidated losses were attributable to the interest in Entity 5.

Entity 6 is classified as a partnership for U.S. tax purposes. The interest in Entity 6 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount jj for Year 6 are attributable to Taxpayer's interest in Entity 6.

Entity 7 is classified as a partnership for U.S. tax purposes. The interest in Entity 7 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount kk for Year 6 are attributable to Taxpayer's interest in Entity 7.

Entity 8 is disregarded as an entity separate from its owner. The interest in Entity 8 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount ll for Year 4 and Amount mm for Year 5 are attributable to Taxpayer's interest in Entity 8.

The income tax laws of Country D do not deny the use of losses, expenses, or deductions of Entity 8 to offset income of another person because the dual resident corporation or separate unit is also subject to income taxation by another country on its worldwide income or on a residence basis.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the required annual certifications described in § 1.1503-2(g)(2)(vi)(B) or Treas. Reg. § 1.1503-2T(g)(2)(vi)(B), as applicable. Treas. Reg. § 301.9100-3(b)(1)(i).

Treas. Reg. § 301.9100-1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

Treas. Reg. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. § 301.9100-3, to make a regulatory election under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in

Treas. Reg. § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

In the present situation, the filings described in Treas. Reg. § 1.1503-2(g)(2) and Treas. Reg. § 1.1503-2T(g)(2) are regulatory elections as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the rules set forth in Treas. Reg. § 301.9100-3(a).

Based on the facts and information submitted, we conclude that Taxpayer satisfies Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file the Year 7 certifications described in this letter for dual consolidated losses for Years 1 through 6 that are attributable to Entities 2, 4, 6, 7, and 8. Taxpayer is not required to file annual certifications with respect to losses attributable to Entity 1 Branch, Entity 3 Branch, or Entity 5 Branch under the facts described herein because Entity 1 Branch, Entity 3 Branch, and Entity 5 Branch are separate units described in Treas. Reg. § 1.1503-2(c)(3)(i)(A) and, therefore, an extension of time is not necessary in this regard. Treas. Reg. § 1.1503-2(g)(2)(vi)(C).

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the election agreement. Treas. Reg. § 301.9100-1(a). For example, a taxpayer that is subject to mirror legislation enacted by a foreign country may be ineligible to file election agreements pursuant to Treas. Reg. § 1.1503-2(c)(15)(iv).

A copy of this ruling letter should be associated with the certifications that are the subject of this ruling.

This ruling is directed only to the taxpayer who requested it. I.R.C. § 6110(k)(3) provides that it may not be used or cited as precedent. No ruling has been requested, and none is expressed, as to the application of any other section of the Code or regulations to the facts presented.

Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to Taxpayer's authorized representatives.

Sincerely,

Richard L. Chewning
Senior Counsel
CC:INTL:Br3

Enclosure:
Copy for 6110 purposes